

CIA FUNNELS 'POLITICAL' AID TO CONTRAS, SOURCES SAY
BY ROBERT PARRY

WASHINGTON (AP) The Central Intelligence Agency, barred from providing military aid to Nicaraguan rebels, secretly funneled several million dollars to the Contras for political projects over the past year, U.S. government officials say.

The officials said the money went to the rebels' political umbrella group, the United Nicaraguan Opposition (UNO) to pay rebel officials and supporters, open offices in Europe and Latin America, and take trips to seek foreign support for their cause.

The money came out of the CIA's overall budget, over which President

A Reagan and CIA Director William J. Casey have wide discretion. The CIA must inform the two congressional intelligence committees of such covert spending, and officials said notification did take place.

The officials, who spoke only on condition of anonymity, said the CIA described the spending as going for 'political projects.' While not providing a precise spending figure, they said it came to several million dollars.

The clandestine aid also allowed the CIA to maintain a strong influence over the rebel movement, even though a congressional ban existed from October 1984 through September 1985, prohibiting the agency from spending money 'which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua,' the officials said.

The CIA assistance was separate from \$27 million in non-lethal aid that Congress approved last year for the rebels fighting Nicaragua's leftist government. That money is administered by a special State Department office, and Congress included specific language in the law barring involvement of the CIA in its distribution.

A CIA spokeswoman Kathy Pherson refused comment on the political aid, but said the agency 'has complied with congressional restrictions' on its activities.

While the intelligence committees were informed about the secret Contra program, other members of Congress — even those who closely follow developments in Central America — appeared unaware of the current CIA role.

One knowledgeable U.S. official described the CIA effort as 'a major program' that was intended 'to strengthen the civilian leadership (of the rebel movement) and create the aura that they are an actual political entity among our allies in Europe.'

The official added that CIA money also went to Sandinista opponents who remain inside the country.

Another official said a political operation had existed during the period of CIA military aid to the Contras from 1981-84 and was revived or expanded in mid-1985 when UNO was created.

While the CIA depicts the aid as political rather than military, internal UNO documents obtained by The Associated Press show much of UNO's political money going to military organizations allied with the umbrella group.

According to the documents covering August 1985 through February, the Nicaraguan Democratic Force, FDN, the largest rebel army, was allocated \$456,707 for costs including its office space, 'security' and operation of the rebels' '15 of September' radio station, which broadcasts into Nicaragua from Honduras. The documents do not explain what is meant by 'security' but it consumed \$165,250 of the total FDN spending.

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establish a "Contra art project" to improve the rebels' international projection." The proposal sought \$27,950 for paints, art equipment and three months of art classes. 2.

Bosco Matamoros, who serves as spokesman for both UNO and the FDN, declined comment.

The Kisan Indian rebel group received \$350,198, but the largest share, \$528,613, was devoted to UNO activities in Costa Rica, according to the documents. The Costa Rican total included \$160,001 for security."

Reagan has asked that restrictions on CIA participation be lifted in his proposal for giving the Contras \$100 million in military aid, but the agency's role has been a major sticking point in the House, which is scheduled to vote on the plan Tuesday.

UNO's leadership consists of FDN leader Adolfo Calero and two former Sandinista officials, Arturo Cruz and Alfonso Robelo. They have been sharply criticized recently by many Nicaraguan exiles as being hand-picked by the United States and lacking popular support among Nicaraguans.

In an interview with the AP, Leonardo Somarriba, recently named UNO's secretary general, confirmed claims from Nicaraguan exiles that some money was used as "pay-offs" to encourage support among exiles.

Some of that is necessary, but we hope to be minimizing it in the future," Somarriba said. Another well-placed Nicaraguan exile said pay-offs were also made to Honduran and Costa Rica officials to enable the rebels to operate in those countries.

Some Nicaraguan exiles close to UNO also said money went to pay for trips in which UNO officials traveled with friends and spouses to Europe.

According to the UNO documents, the rebel group has established offices in Geneva, Paris, Spain, Panama, Venezuela, Colombia, Argentina, Honduras and Costa Rica. Payments were also made to a variety of UNO commissions, though the exiles say the commissions have been largely inactive.

The UNO papers show \$2 million received to pay for the projects, with \$1.5 million arriving through Lloyds, a London-based bank with an offshore branch in the Bahamas.

One document, dated Feb. 26, is a copy of a requested wire transfer of \$70,000 from Corporacion Tuira's account at the Panamanian office of Lloyds Bank International of the Bahamas to Comercial Tulin's account at the Anglo Costa Rican Bank of San Jose. The transfer order is signed 14 UNO's administrator Evenor Valdivia.

David Raylor, a Lloyds official in New York, refused to confirm or deny the transaction or the account numbers in the document.

Nicaraguan sources close to the Contras said that several years ago, the CIA established a complex money-laundering system for moving U.S. funds to rebel operations through a maze of holding companies, corporations and offshore banks including one owned by Nicaraguans, BAC International of Grand Cayman Island.

One exiled businessman familiar with UNO's financial operations said the money-laundering system has changed somewhat since then, although he said it still involves European and Grand Cayman Island banks and Panamanian corporations.

From 1981 to 1984, the CIA spent at least \$80 million to organize and supply the Contras. Congress halted that aid in 1984 amid disclosures that the CIA had directed the mining of Nicaraguan harbors and prepared a manual counseling the Contras on "neutralizing" government officials.